CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

CONDENSED BALANCE SHEET
and
PROFIT and LOSS-SURPLUS

WEINBERGER DRUG STORES, INC.
AND SUBSIDIARY
CLEVELAND

FOR THE YEAR ENDED
JUNE THE THIRTIETH
NINETEEN HUNDRED
THIRTY-SIX

Certificate of Auditors

August 27, 1936

Weinberger Drug Stores, Inc.,
Cleveland.

We have made an examination of the consolidated balance sheet of WEINBERGER DRUG STORES, INC., and subsidiary, SUPERIOR LABORATORIES, INC., as at June 30, 1936, and of the summaries of consolidated earnings and surplus for the year ended at that date. In connection therewith we examined or tested accounting records of the Companies and other supporting evidence and obtained information and explanations from officers and employees of the Companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

Merchandise inventories were based principally upon physical inventories taken and priced by employees of the Companies under the direction of the management during June and July, 1936, and adjusted for intervening transactions. We tested the inventory as to computations and pricing, the latter representing approximate cost or lower. We also tested quantities at the warehouse, laboratory and four of the stores.

The Corporation is a defendant in certain pending suits which are based on injuries alleged to have resulted from the use of merchandise claimed to have been purchased from the Corporation but manufactured by others.

In our opinion, based upon our examination, the accompanying consolidated balance sheet and related summaries of earnings and surplus fairly present the consolidated position of the Companies at June 30, 1936, and the results of their operations for the year ended at that date. Further, it is our opinion that the statements have been prepared in accordance with accepted accounting principles and on a basis consistent with the preceding period.

ERNST & ERNST.
Certified Public Accountants

TO THE SHAREHOLDERS:—

On behalf of the Board of Directors I present herewith the Corporation's annual report for the twelve months' period ending June 30, 1936, based on the audit of Messrs. Ernst & Ernst.

The year has been one of considerable progress. During the year we leased and now occupy as our warehouse and with our general offices and laboratories an entire building located at 2400 Superior Avenue, which should take care of many additional stores with better facilities in every department at a reduced operating expense. Four new stores were opened during the year—one in Columbus, one in Youngstown, one in Canton and one in Pittsburgh, making a total of thirty-three stores now in our chain. We have installed in the new store in Pittsburgh a large soda fountain unit, this being the first of a series to be installed in our larger stores.

During the year the Corporation secured additional working capital through the sale of 4367 shares of its common stock, netting the Corporation $15.25 per share and bringing the Corporation's outstanding common stock up to an even 80,000 shares. As at June 30, 1936, the Corporation's current assets were approximately three times its current liabilities and its net current assets were $688,649.31 as against $576,772.95 at June 30, 1935.

The Corporation's earnings show a steady increase; $1.11 per share for the calendar year 1933, $1.66 per share for the calendar year 1934, and $2.04 per share on 80,000 shares now outstanding (this including the 4367 shares issued during the period) for the twelve months' period ending June 30, 1936—the Corporation's fiscal year; and we have every confidence in our continued success and progress and ask the continued support of our shareholders in our efforts to further develop the business and affairs of their Corporation.

Very truly yours,
ADOLPH WEINBERGER,
President.

CONSOLIDATED BALANCE SHEET
WEINBERGER DRUG STORES, INC., AND SUBSIDIARY—CLEVELAND
As at the close of business June 30, 1936

ASSETS			
CURRENT			
Cash on hand and on deposit		$116,457.79	
Cash on deposit for payment of July 1, 1936 dividend		24,000.00	
Scrip		577.00	
Customers accounts receivable and vendors debit balances	$ 19,030.08		
Less reserve	1,665.17	17,364.91	
Tax stamps—state		9,710.02	
Inventory (at estimated cost or lower)		856,231.60	$1,024,341.32
OTHER ASSETS			
Cash surrender value of life insurance		$ 14,849.23	
Notes receivable—secured by capital stock of the Company:			
Officer	$ 3,750.00		
Employees	2,921.57	6,671.57	
Claims against closed banks	$ 5,839.91		
Less reserve	3,324.42	2,515.49	
Sundry deposits, miscellaneous accounts receivable, etc.:			
Officers	$ 5,591.11		
Other	10,619.42	16,210.53	40,246.82
FIXED ASSETS (at cost)			
Furniture and fixtures	$264,466.29		
Leasehold improvements	103,542.84	$368,009.13	
Less reserve for depreciation and amortization		138,975.34	229,033.79
PATENTS AND TRADE MARKS (nominal value)			1.00
DEFERRED			
Unexpired insurance premiums, deferred taxes, prepaid rent, etc.			34,065.85
			$1,327,688.78
LIABILITIES, CAPITAL AND SURPLUS			
CURRENT			
Accounts payable for purchases, expenses, etc.		$213,098.80	
Unpaid pay roll and bonuses		46,908.12	
Accrued taxes, including federal social security		51,685.09	
Dividend payable July 1, 1936		24,000.00	$ 335,692.01
RESERVE			
For general contingencies			1,000.00
CAPITAL AND SURPLUS			
Capital Stock (without par value):			
Authorized 100,000 shares			
Outstanding 80,000 shares			
Stated capital		$589,670.00	
Surplus:			
Capital	$105,409.39		
Profit and Loss	295,917.38	401,326.77	990,996.77
			$1,327,688.78

(NOTE) This balance sheet is subject to the comments submitted herewith.

SUMMARY OF CONSOLIDATED EARNINGS
WEINBERGER DRUG STORES, INC., AND SUBSIDIARY—CLEVELAND
For the fiscal year ended June 30, 1936

Gross profit			$1,314,687.66
Selling, general and administrative expense			1,117,577.25
OPERATING PROFIT			$ 197,110.41
Other income			2,217.85
			$ 199,328.26
Other deductions:			
Loss and expense in connection with flood and moving—net		$ 4,882.79	
Life insurance expense—net		2,150.39	
Interest expense		1,779.58	
Provision for contingencies		1,000.00	
Doubtful accounts charged off or provided for, less recoveries		341.75	10,154.51
PROFIT BEFORE FEDERAL INCOME TAX			$ 189,173.75
Provision for federal income tax			25,400.00
NET PROFIT			$ 163,773.75

(NOTE) Provision for depreciation and amortization, in the amount of $35,402.05, is included in the above expenses.

CONSOLIDATED SURPLUS

CAPITAL SURPLUS			
BALANCE—June 30, 1935			$ 81,951.70
ADDITIONS			
Amount assigned to capital surplus by Board of Directors from sale (at $15.25 per share) of 4,367 shares of capital stock		$ 22,926.75	
Excess of selling price (at $10.69 per share) over carrying value, representing approximate cost, of 323 shares of treasury stock sold		530.94	23,457.69
BALANCE JUNE 30, 1936			$ 105,409.39
PROFIT AND LOSS-SURPLUS			
BALANCE—June 30, 1935		$213,946.13	
ADDITION			
Net profit for the fiscal year ended June 30, 1936		163,773.75	
		$377,719.88	
DEDUCTIONS			
Cash dividends:			
$0.25 a share paid Oct. 1, 1935	$ 18,901.25		
.25 a share paid Jan. 2, 1936	18,901.25		
.25 a share paid April 1, 1936	20,000.00		
.30 a share payable July 1, 1936	24,000.00	81,802.50	
BALANCE JUNE 30, 1936			295,917.38
TOTAL SURPLUS JUNE 30, 1936			$ 401,326.77